CITIZENS REVIEW COMMITTEE RECOMMENDATIONS

1964-75 BUILDINGS & PARKS PROGRAM / COUNTY OF SANTA CLARA

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JEAN PULLAN
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January 2, 1964

Honorable Board of Supervisors
County Executive
Santa Clara County
California

Gentlemen:

The attached report outlines findings by the Citizens' Review Committee on County buildings and parks requirements for the period 1964-75.

The committee dealt not only with the projected requirements but also methods of financing.

We believe a sound, conservative evaluation has been made, and that immediate, continued, energetic action is required to provide the basic needs essential to this expanding community.

We commend the County Administration for planning both development and financing on a long-range comprehensive basis. This approach insures that all needs will be considered in terms of relative priority and ability to finance.

It is essential that plans remain flexible for unforeseen changes due to growth, economy and for legislative requirements. This program should be re-evaluated from year to year for new trends. However, to reduce the danger of undue financial burdens in future years, it is also essential that our present efforts be realistic. A costly backlogging of needs would be the result of an ultra-conservative attitude.

Present planning should be made on the assumption that our 1975 population will be approximately 1,400,000 and that even greater growth will occur beyond that date.

The most conservative program must be based on a realistic appraisal of all aspects of need, financial capabilities, and probabilities in the future.

Respectfully submitted,

CITIZENS' REVIEW COMMITTEE

Wesley L. Hubbard, General Chairman

Subcommittee Chairmen:
James Rush - Civic Center, Branch Centers & Other Facilities
Neil Callahan - Medical Center
Phil Buskirk - Jails, Juvenile and Special Schools Facilities
Robert C. Pelz - Airports and Parks
James K. Dobey - Finance

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I. PURPOSE OF CITIZENS' REVIEW COMMITTEE

By a report dated June 17, 1963, the County Executive presented to the Board of Supervisors a program for County buildings and parks requirements through 1975. This report includes a plan for financing these requirements by 1970.

Clearly, there is a need, as outlined by the County Administration, to plan the construction and pay for facilities on a long-range, and comprehensive, basis. All reliable projections of County growth indicate continued major population increases, with attendant demands for increased County services. It is clear that we must anticipate, plan, finance, and construct concurrent with increasing requirements for the numerous physical public facilities.

It was the decision of the Board of Supervisors to submit this program, in advance of official action, to a full review in all details by a committee of County citizens. Accordingly, on October 16, 1963 a public meeting was held to open discussion on the program. At this meeting Wesley L. Hubbard of Palo Alto was appointed to serve as General Chairman of the Citizens' Review Committee.

II. ORGANIZATION OF THE CITIZENS' REVIEW COMMITTEE

The Citizens' Review Committee was divided into five subcommittees, based on a division of the various proposed projects into general functional groups. The following subcommittee chairmen were appointed by the General Chairman:

James M. Rush - Civic Center, Branch Centers & Other Facilities
Neil Callahan - Medical Center
Phil Buskirk - Jails, Juvenile Facilities and Special Schools
Robert C. Pelz - Airports and Parks
James K. Dobey - Finance

The public was invited to join any of these subcommittees. Each subcommittee scheduled its own meetings beginning on November 5th and continuing through December 10th, holding some thirty separate meetings. A varied cross section of the public participated in these discussions, bringing their judgments accumulated in almost every section of community life. Those attending included physicians, attorneys, business leaders, bankers, labor representatives, social workers, housewives, architects, engineers, ranchers, etc. Reports by all of the subcommittees are attached.

County staff and consultants were present at all meetings to provide information in the fullest detail desired.

In addition to these meetings, the General Chairman and subcommittee chairmen met during the same period in a series of luncheon meetings to discuss the approach and progress of each group, and to prepare this composite report.

III. SUMMARY OF SUBCOMMITTEE RECOMMENDATIONS

The general conclusion of all groups after reviewing the County's plan was that it is far-sighted and thorough. We also feel that it is reasonable and modest in terms of anticipated growth forecasts, and realistic in terms of cost and anticipated ability to finance.

Some specific recommendations and observations were made by the subcommittees. These are noted in the following summary of subcommittee conclusions.

Civic Center, Branch Centers & Other Facilities

This subcommittee reviewed a series of projects with a total estimated cost of almost $18,000,000. These are mainly additional office, court, branch office, and service facilities.

Plans were reviewed as were methods of projecting requirements and estimating costs. Executive and Public Works staff members, department heads, and consulting architects provided detailed information.

The entire program was approved; however, the following specific recommendations were made:

(1) The County should consider building the top three floors of the downtown Superior Court Building as part of the present construction. If this is feasible, it could save at least $250,000 under later construction costs. It would, however, increase the present program by approximately $575,000.

(2) The North County Center should be expanded across Grant Street between Birch and Park Avenues if the City of Palo Alto will abandon Grant Street in this area without cost to the County.

Medical Center

This subcommittee reviewed the programs for both hospital and health facilities and approved these as submitted. This is considered to be a modest but realistic program based on an analysis of similar counties, projected population changes, and the advice and counsel of the Santa Clara County Hospital Commission, as well as consultation and advice of directors of medical institutions of similar counties. It takes into account the expected increase in aged population as well as the difficulties incurred in meeting the costs of chronic care in a population least able to do so. While based on humanitarian considerations, it is also based upon "hard boiled" evaluation of meeting our legal obligation at the least cost to the taxpayer.

Specifically, the plan is for construction of an additional

120 acute hospital beds, 360 active long-term chronic care and rehabilitation beds, and the provision of adequate supporting service facilities of x-ray, laboratories, emergency and outpatient areas.

Public health facilities approved are the addition of a third floor to the Main Health Center east wing for increases in laboratory, recordkeeping and administrative services, and a 2-story Mental Health Building to be located adjacent to the east wing. This will provide additional clinics for outpatient treatment, and office space for the consulting staff and mental health administration.

The total construction program for the Medical Center will cost approximately $20,000,000, to be financed during the period 1964-70 and constructed during the period 1964-74.

Jails, Juvenile Facilities and Special Schools

This subcommittee met with County officials, architects and authorities in the various fields and toured the present County facilities.

1. Jails
   It was found that there is an immediate need for expansion of detention facilities. Serious overcrowding exists. The committee urgently endorses and recommends the expansion program for the Main Jail, Elmwood Rehabilitation Center, and purchase of a second Jail Farm - at a total estimated cost of $2,329,000.

2. Juvenile Facilities
   Juvenile facilities are grossly overcrowded. Housing for both delinquent and non-delinquent children is so limited that present-day use has involved sleeping on floors and cramming of rooms. Interviewing and counseling space is lacking in privacy, and there is no room for additional expansion.

The subcommittee urgently recommends the expansion program for the Children's Shelter, probation services and diagnostic counseling facilities, Juvenile Hall, expansion of Boys' Ranches 1 and 2, and construction of Boys' Ranch 3. This program totals approximately $3,333,000.

The subcommittee also strongly feels that significant expansion should be sought in delinquency prevention, probation counseling and guidance services, and in exploration of various types of supervised child care. These methods are considered to be better alternatives than unlimited expansion of detention facilities.

3. Special Schools

Existing facilities are overcrowded and distant parts of the County cannot be adequately served. Expansion is presently needed, and the number of children requiring special schools is certain to grow with the population. The subcommittee unanimously recommends the program set forth for a North County School for Mentally Retarded and Physically Handicapped, a Central County School for the Physically Handicapped, and a South County School for Mentally Retarded and Physically Handicapped. The total program will cost an estimated $3,288,000.

The plans by the County Health and Education Departments have been made with great care and foresight to fit in with the plans and facilities of other public and voluntary agencies concerned with handicapped children. The subcommittee recommends the continuation of this kind of cooperation.

Airports and Parks

This subcommittee divided itself into two groups in order to give a more thorough review. One group under chairman Robert Pelz reviewed the parks program. Chairman Pelz appointed Rolph Stoddard to head the second group on airports.

1. Parks

Consideration was given all phases of the County's existing and proposed parks and recreation program. It is the subcommittee's firm opinion that because of limited future availability of new properties, time is of the essence, and the program should be directed towards acquisition with three-fourths of monies available allocated for this purpose. The remaining one-fourth would be allocated to development in the same percentage ratios as outlined in the parks program.

First priority in acquisition should be given to streamside preserves because of the large geographical areas they encompass and potential usage by the greatest number of people.

Second priority is given to mountain parks. It is recommended that these parks be connected by trails and, where possible, to the Skyline Parkway.

All remaining acquisitions are in the third priority and are considered of equal importance.

The committee feels that the County should make a concentrated effort to acquire the 158 acres adjoining Uvas Canyon, one of the most scenic areas in the County.

The subcommittee commends the Parks Department for an imaginative, well-balanced, far-sighted program and urges continuation of the pay-as-you-go development program.

2. Airports

The subcommittee approved the Reid-Hillview and Palo Alto Airport plans as conservatively adequate for expanding needs through 1970.

It is recommended that the County, rather than private individuals, own and lease T-hangars since these will be an important source of revenue. Because the old hangar at Reid-Hillview has to be removed before construction of the new runways, and to insure continuation of hangar revenue, it is recommended that new hangars be constructed early for the present tenants.

For the South County, the Morgan Hill and Gilroy groups asked that two smaller airports (one to serve each area) be constructed instead of the single larger facility planned - at the same total cost.

They urged purchase of the existing privately-owned Morgan Hill Airport as soon as possible to prevent its being sold for other uses.

The subcommittee urges thorough investigation of costs, land availability, etc., to determine which would be most advantageous - two smaller airports or a single larger airport serving the entire area.

The subcommittee also finds that the number of general aviation aircraft is increasing at a faster rate than forecast in the Friedland analysis of 1961. There is clear demonstration of the vital need to develop facilities possibly more rapidly than planned.

The subcommittee strongly believes that, under sound County management, the airport system can pay for itself through regular revenues from hangars, tie downs, gasoline, leases of restaurants and agricultural land, etc., and that the taxpayer will not be burdened with the costs of the airports. A factual survey of projected incomes should be made to prove this point.

Finance

This subcommittee investigated forecasts on which the program is based, the suggested financing program and other methods available, and considered the impact on the County's credit rating and the ultimate borrowing cost to the County.

The subcommittee concluded that population estimates are based on the best information available and they can be used with caution as the basis for planning.

Projections of assessed valuation were considered reasonable and conservative, and the County's bonding plans would probably not adversely affect the credit rating, but the combined district and municipal governments could, by combined bond issues, adversely affect the credit rating of the entire area.

After investigation of the various financing methods open to the County, it was concluded that direct taxation, or "pay-as-you-go," is the least expensive method because of no interest cost. However, using this method, needed projects may have to be delayed pending accumulation of funds, and increased building costs by virtue of delay could offset interest costs.

Other than direct taxation, general obligation bonds represent the lowest cost of the borrowing methods reviewed.

Conclusion: It is the consensus of the committee that bonding is the most practical financing method for the County for major capital improvements of lasting duration, and that the combination bond and pay-as-you-go financing proposal submitted is reasonable and sound under our circumstances. However, this conclusion cannot be considered an unqualified endorsement of the entire program. On the contrary, because of the heavy overlapping debt already owing and the obvious need of constituent communities, school districts and other special districts for additional resort to bonding, it is the recommendation of this committee that remaining bonding capacity be used only for those items of the highest priority of public need. Consideration should be given to relating increases in pay-as-you-go taxes to specific projects, and the bonding proposal might well be broken up into pieces for submission to voters over a period of several years based on priorities.

IV. RECOMMENDED FINANCING PLAN

The total program of needs should be approved; however, we recommend the following controls:

1. A priority schedule should be adopted. This schedule should be re-evaluated and a revised schedule adopted by the Board of Supervisors at the beginning of each fiscal year.

2. The program of development and financing should be scheduled evenly over the 6-year period (1964/65 - 1969/70) and kept at all times within the bonding capacity and the 18¢ pay-as-you-go tax rate.

3. Long-range planning should continue in future years, with financing and development always scheduled at least six years ahead.

4. It is recommended that the program be financed in two parts.

   The first part will cover the fiscal years 1964-65 through 1966-67. This program will cover those projects to be financed and constructed during this period, totaling $33,127,000. It will require a bond election in June 1964 for $25,295,000, and an 18¢ "pay-as-you-go" tax rate, also beginning in 1964-65, which will yield $9,140,000 during these years. ($7,832,000 for designated projects and a reserve of $1,308,000.)

   In 1966 a new CITIZENS REVIEW COMMITTEE should be convened to again review the total program and to consider a further building and parks bond election and the need for the 18¢

pay-as-you-go tax rate for the years 1967-68, 1968-69 and 1969-70. Financing of Phase II Expressway bonds will also have to be considered at that time.

It is estimated that the combined bonds, 18¢ tax rate and carry-over cumulative reserve will yield approximately $30,000,000 during the years 1967-70 for buildings and parks.

Priorities & Bond Projects

We believe that cross section of all projects falls within the top priority categories, i.e., those projects required during the next three years. Some projects also are more logical for bonding and some should more logically be financed on a pay-as-you-go basis. On the following pages all projects are set forth according to the year for development and the type of financing.

We recommend that all Medical Center, Jails, Juvenile, and Special Schools projects be financed by bonds. These projects are needs basic to the health of the community and are clearly definable for presentation to the voters.

We also believe that the extent of the parks program is a matter to be decided by the total community. It is also an issue that must be settled soon, and on that basis, we recommend that the entire park land acquisitions be submitted as bonds. Park development could be spread over a greater number of years and financed on a pay-as-you-go basis.

We also recommend that the high-priority Branch Center projects be financed by bonds. Also the Criminal-Legal Building Expansion at the Civic Center and the electronic ballot tabulating equipment are high-priority needs suitable for bonds.

Pay-As-You-Go Projects

We recommend that the bulk of the airport program be financed on a pay-as-you-go basis because of the difficulty in projecting Federal aviation grants which may vary according to changes in Federal policy. Availability of Federal grants will dictate speed of airport development. Land acquisition for South County airport facilities could be a logical bond project.

Projects such as the Service Building, the Special Services Center, and the Emergency Operation Center are also recommended for pay-as-you-go.

Lower priority projects scheduled for the years 1967-68 through 1969-70 are also recommended for pay-as-you-go. These include site development, parking garages, and remodeling.

The development of parks, as stated previously, is more logical for pay-as-you-go and could be adjusted more readily according to demand.

Projects that are in doubt should be placed in the pay-as-you-go category, such as the Morgan Hill Court (merger with the Gilroy Court District should be considered), and the East Valley Branch Office Center (affected by annexation and public health policies of San Jose). These projects may not be clarified for several years.

SUMMARY OF
RECOMMENDED BUILDINGS & PARKS PROGRAM

	PART I Bonds	1964-67 Pay-As-You-Go	PART II Bonds	1967-70 Pay-As-You-Go
	(times 1,000)		(times 1,000)	
CIVIC CENTER	$ 2,590	$ 1,116	$ 265	$ 6,716
BRANCH CENTERS	1,672	-	2,397	1,504
MEDICAL CENTER	7,655	-	12,707	-
JAIL FACILITIES	2,075	-	187	-
JUVENILE FACILITIES	2,653	-	593	-
SPECIAL SCHOOLS	2,785	-	396	-
OTHER FACILITIES	-	2,216	-	-
AIRPORTS	615	3,000	-	2,015
PARKS	5,250	1,500	-	3,002
		7,832		
*Cumulative Reserve		1,308		
TOTAL	$25,295	$ 9,140	$16,545	$13,237

Part I Program 1964-67	
Bonds	$25,295,000
Pay-As-You-Go	7,832,000
	$33,127,000
Part II Program 1967-70	
Bonds	$16,545,000
Pay-As-You-Go	13,237,000
	$29,782,000
Total Program 1964-70	
Part I	$33,127,000
Part II	29,782,000
	$62,909,000

*The recommended 18¢ "pay-as-you-go" tax rate will allow the accumulation of $1,308,000 in reserves during the three years 1964-67. These funds will be required to supplement the pay-as-you-go tax rate yield during the period from 1967 to 1970.

RECOMMENDED BUILDINGS & PARKS PROGRAM Part I

For Financing During 1964-67

PROJECTS	Year Scheduled 1964-5	1965-6	1966-7	Project Cost Bonds	Pay-As-You-Go (Times 1000)
CIVIC CENTER					
Service Building	X			$	$ 816
Criminal-Legal Blds. Exp.		X		990	
Electronic Ballot Tab. Equip.		X		1,600	
Site Development		X	X		300
BRANCH CENTERS					
North Co. - Land Acq.	X			260	
North Co. - Compl. Exist. Bldg.		X		214	
Sunnyvale Court		X		150	
West Valley Center Exp.			X	608	
Downtown Court - Demolition	X			29	
Downtown - Remodel, Walkway	X			53	
Downtown - Sitework		X		93	
Downtown - 5th Floor	X			168	
Downtown - Adjacent Block			X	97	
MEDICAL CENTER					
Hospital Areas - 1, 1 A		X		4,784	
Hospital Areas - 3		X		345	
Hospital Areas - 4		X		911	
Hospital Areas - Misc.		X		335	
Hospital Areas - Equipment			X	500	
Mental Health Building	X			480	
Site Development	X	X	X	300	
JAIL FACILITIES					
Main Jail Expansion		X		1,378	
Elmwood - 1 Barracks			X	173	
Elmwood - Kitchen Exp.			X	96	
Elmwood - Visiting Assemb.			X	86	
Elmwood - Misc. Site Work	X			92	
Branch Jail No. 2 Site	X			250	

PROJECTS	Year Scheduled 1964-5	1965-6	1966-7	Project Cost Bonds (Times 1000)	Pay-As-You-Go
JUVENILE FACILITIES					
Juv. Center - Office Exp.	X			1,523	
Juv. Center - Detention		X		1,019	
Ranches - Incin., Class Rm.	X			29	
Child Shelter-Indoor Play Yd.	X			23	
Child Shelter - Dorm. Exp.	X			59	
SPECIAL SCHOOLS					
North County	X			1,312	
Central County		X		1,473	
OTHER FACILITIES					
Special Services Center					
Sealer	X				496
Purchasing		X			668
Public Works Shops			X		272
Ag. Comm. Warehouse			X		32
Ag. Extension			X		137
Site Development	X	X	X		271
Communications - Site Exp.	X				18
Emergency Opr. Center		X			322
AIRPORTS					
Site Acquisition	X			615	
Development	X	X	X		3,000
PARKS					
Site Acquisition	X	X	X	5,250	
Development	X	X	X		1,500
					7,832
CUMULATIVE RESERVE					1,308
Total				$ 25,295	$ 9,140

RECOMMENDED BUILDINGS & PARKS PROGRAM — Part II

For Financing During 1967-1970

PROJECTS	Year Scheduled 1967-68	1968-69	1969-70	Project Cost Bonds (Times 1000)	Pay-As-You-Go (Times 1000)
CIVIC CENTER					
Remodel Exist. Office Bldgs.			X	$	$ 396
New Office Building	X				3,624
S. J. -Alviso Muni. Ct. -Compl.	X			265	
Parking Garage			X		2,107
Site Development	X	X	X		490
Pedestrian Crossing		X			99
BRANCH CENTERS					
North Co. - New Building		X		1,983	
North Co. - Parking Garage			X		935
East Valley Center	X				403
South County Center Exp.			X	414	
Morgan Hill Court			X		166
MEDICAL CENTER					
Hospital Areas - 2, 2 A		X		10,403	
Hospital Areas - Boiler, Elec.		X		393	
Hospital Areas - Equipment			X	1,000	
Health Building Expansion		X		407	
Site Development	X	X	X	504	
JAIL FACILITIES					
Elmwood - 1 Barracks			X	187	
JUVENILE FACILITIES					
Boys Ranch No. 3			X	593	
SPECIAL SCHOOLS					
South County	X			396	
AIRPORTS					
Development	X	X	X		2,015
PARKS					
Development	X	X	X		3,002
TOTAL				$ 16,545	$ 13,237

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REPORT FROM

CITIZEN'S REVIEW COMMITTEE

FOR CIVIC CENTER, BRANCH CENTERS & OTHER FACILITIES

Chairman: James M. Rush

Meetings were held on November 7, 14, 21, and December 5, 1963.

This committee reviewed each of the projects within the assigned area. Department workload projections were discussed, as were space requirements, timing for construction, project costs, and the methods used in planning.

Staff members from the County Executive Office, and Public Works Department attended all meetings to provide detailed information. They were assisted by the Planning Department staff, various other departments, and by consulting architects.

The committee approved the total program, with the following specific recommendations:

1. The County should consider building the top three floors of the downtown Superior Court Building as a part of the present construction. It is estimated that these floors can be constructed now with a savings of at least $250,000 under later construction costs.

2. The County should expand the North County Center across Grant Street between Birch Avenue and Park Avenue. The County should immediately contact the City of Palo Alto to initiate abandonment of Grant Street in this block.

Submitted by

James M. Rush

James M. Rush, Chairman

December 12, 1963

December 12, 1963

TO: Wesley "Bud" Hubbard, Chairman
County Building & Parks Program

FROM: Sub-committee on Parks

This committee held four evening meetings and one field inspection trip under the auspices of the County Director of Parks and Recreation. Approximately twenty interested citizens representing a broad range of background and interests participated.

Careful consideration in the form of open discussions was given all phases of the county's existing and proposed parks and recreational program with special emphasis placed in the area of future development and acquisition. During these discussions, the group was able to reach unanimous opinions on all major points.

The committee was of the very firm opinion that because of the limited future availability of new properties, time was of the essence and the program should immediately be directed towards acquisition on the formulae established by the committee; that of the monies raised through the sale of bonds under the proposed program, three fourths of these monies be used immediately for new acquisitions.

The committee than established their considered order of priority of those acquisitions under the three fourths percent formulae:

First priority was given to streamside preserves because of the large geographical area they encompass and potential usage by the greatest number of people.

Second priority was given to mountain parks following the suggested plan for acquisition by the Parks Department with the earnest recommendation of the committee that these parks be connected by trails, and where possible, to the Skyline Parkway.

The remaining acquisition proposals as outlined by the Parks and Recreation Department were held to be of equal importance and were assigned no priority.

The committee felt that the county program was definitely deficient in one available area of acquisition--Uvas Canyon. It was the unanimous opinion of the committee that the county make a concentrated effort to acquire the 158 acres adjoining Uvas Canyon, one of the most scenic areas in the county.

Under the Committee's formulae, the remaining 25% of bond monies is to be allocated to development program on the same percentage basis as proposed by the Parks Department outline.

The committee wishes to commend Robert Amyx personally along with his staff for their imaginative, well-balanced, far-sighted program, that so far has produced maximum benefits to county residents on a well managed pay-as-you-go development program. The committee confidently recommends the continued pay-as-you-go development program under present Park and Recreational management.

R. C. Pelz, Chairman

December 4, 1963

CITIZEN'S REVIEW COMMITTEE

RECOMMENDATION ON MEDICAL CENTER CAPITAL NEEDS

HOSPITAL

1. The Citizen's Review Committee on Medical Center needs recognizes that the County is required by State law to take care of the indigent. Care for the indigent may be provided either in County facilities or farmed out to a third party with the expense borne by the County. It is far cheaper to the taxpayer and a better quality of program is produced if acute and chronic care and rehabilitation are provided in County facilities where continuity of medical care may be obtained, and cost to the County reduced by providing medical care through residents and interns, supplemented by donated services of the physicians of Santa Clara County (value of services estimated at $500,000). Custodial care (i.e., nursing home care) will continue to be farmed out to a third party.

2. The Citizen's Review Committee approves a plan for the construction of an additional 120 acute hospital beds, 360 active long term chronic care and rehabilitation beds, and the provision of adequate supporting service facilities of x-ray, laboratories, emergency and outpatient areas. It is estimated that the cost of this construction will be $18,375,000. Financing would take place over the period 1964-1970 and planning and building, from 1964-1974. This program allows for an orderly transition without interruption of hospital services.

3. The Citizen's Review Committee feels that this program is a modest but realistic one. It is based upon an analysis of similar counties, projected population changes, and the advice and counsel of the Santa Clara County Hospital Planning Commission, as well as consultation and advice of directors of medical institutions of other similar counties. It takes into account the expected increase in aged population as well as the difficulties incurred in meeting the costs of chronic care in a population least able to do so. While based on humanitarian considerations, it is also based upon "hard-boiled" evaluation of meeting our legal obligation at the least cost to the taxpayer.

4. The Citizen's Review Committee has considered both objective and philosophic aspects of medical care in arriving at the present plan of meeting the County's responsibilities. Aimed at obtaining the best care to the indigent at the least cost to the taxpayer, this plan emphasizes emergency and outpatient care by providing adequate expansion of laboratory and x-ray facilities, and space for emergency and outpatient care.

   The construction of emergency, intensive care, acute care, long term care and rehabilitation facilities as a single unit with centralized services makes it possible for the same patient to receive "progressive medical care." This means he may be moved from a more expensive to a less expensive area of care as indicated. It also provides for flexibility in use of these services, making it possible to alter the medical care program to meet the changing needs of time.

5. The Citizen's Review Committee emphasizes that the County Hospital provides not only charity medical care but it is also a teaching institution with intern and residency training programs in all of the medical specialties, and training for x-ray and laboratory technicians, nurses, nurses' aides, occupational therapists and many other types of hospital personnel; a research center; a center for treatment of communicable diseases such as tuberculosis and poliomyelitis; a center for specialized medical facilities, and the major emergency treatment center in the County. The participation of half of the physicians in the County in the training program not only makes possible less expensive medical care but elevates the general level of medical care to everyone. "The best way to learn is to teach." All of these physicians are better practitioners because of this training program. The services of the County Hospital, therefore, are of benefit to the entire community.

6. The Citizen's Review Committee is aware that the planned psychiatric facilities are at present minimal. Future expansion of such facilities are to some extent dependent upon State policy regarding inpatient psychiatric care in this County. The proposed structures are such that, if necessary, considerably expanded psychiatric facilities may be made available, if necessary, by recommitting some long term rehabilitation beds.

HEALTH

Complete Third Floor of East Wing, Main Public Health Center $390,000

The Citizen's Review Committee feels the addition of a third floor to the east wing of the Main Health Center will provide 6,656 square feet to meet space needs created by the increase in those laboratory, record-keeping, and administrative services which can most effectively be rendered from a central location.

Mental Health Building, Main Public Health Center $500,000

The Citizen's Review Committee feels a two-story building located at the south end of the east wing of the Main Health Center will provide 15,650 square feet to meet currently critical space needs. This structure will provide additional clinics for outpatient treatment, office space for specialized consultative staff, and serve as headquarters for administration of this rapidly expanding mental health program.

The above recommendations have the unanimous approval of the members present at the meeting of December 3, 1963, as listed below.

Mr. Callahan expressed appreciation to the members of this Committee for their cooperation and assistance in the study of this proposal and in formulating recommendations for presentation to the Board of Supervisors.

Mrs. Hobbs expressed herself as being satisfied as a taxpayer that this program was thoroughly studied and well worked out, especially the emphasis on flexibility in the use of space. This sentiment was concurred in by the entire Committee.

Neil J. Callahan, Chairman
Citizen's Review Committee for
Medical Center Capital Needs

Members of Committee Present at Action Meeting of December 3, 1963

Kenneth Hayes, M. D.
Mrs. Kenneth Hayes
Mrs. Patricia Hobbs
Joseph B. Josephson, M. D.
Mrs. Ruth I. Kaiser
Mr. Herschell Morgan
Mr. Bernard Romer
Mrs. Leonard Winston
Mr. Leonard Winston
Mr. Peter Zomer

Members of Committee Not Present at Action Meeting of December 3, '63

Mr. John A. McIntosh
Mr. William J. Miller, Jr.
Mrs. Amy C. Pollock
Bryan Shieman, M. D.
C. Gerald Scarborough, M. D.

Wesley L. Hubbard
General Chairman
Citizens' Bond Review Committee

REPORT OF THE SUBCOMMITTEE ON JAIL, JUVENILE AND SPECIAL SCHOOL FACILITIES

The subcommittee met seven times in the period from November 5-December 10, 1963, for discussion and the questioning of County officials, architects, and authorities in the various fields regarding the proposed building program for jail, juvenile and special school facilities. Three of the meetings included tours which covered all of the present County facilities in these fields.

The subcommittee was greatly impressed with the high caliber and dedication of the County staff at all of the facilities which were visited.

JAIL FACILITIES

The subcommittee toured the County Jail and Elmwood Rehabilitation facility on Saturday, November 9, 1963, and met with Sheriff Gibbons and other officials on November 14, 1963.

The subcommittee finds that there is an immediate need for the expansion of detention facilities. Serious overcrowding presently exists. Existing structures were built to house a limited number of prisoners. Despite continuing efforts to keep jail population at a minimum, the increase in general county population has resulted in

increased number of prisoners requiring housing in already overcrowded facilities. The continuation of this trend is certain and will result in an unhealthy, explosive problem which is intolerable in a modern, enlightened society. To meet this need, the subcommittee urgently recommends and endorses the following building program for jail facilities:

1. Main Jail Expansion - $1,437,000

2. Acquisition of a site for a second Jail Farm - $250,000

3. Expansion at Elmwood Rehabilitation Center - $683,000

   Note: This amount includes all projects now contemplated, though some are currently budgeted.

The subcommittee further recommends that significant and increasing efforts be devoted to programs aimed at the reduction of jail population.

JUVENILE FACILITIES

The subcommittee toured Juvenile Hall, the Children's Shelter, and the James Boys' Ranch and Ranch No. 2 on Saturday, November 16, 1963. The subcommittee met with Mr. Robert E. Nino and other officials on December 4, 1963 for further discussion.

The subcommittee finds that juvenile facilities are grossly overcrowded. Housing for both delinquent and non-delinquent

children is so limited that present-day use has involved sleeping on floors and the literal cramming of rooms. Interviews and the counseling of several children at once must be carried on in small rooms lacking in privacy or adequate space to sit down. There is no room for any additional personnel as the present staff is already making double use of existing space; but there is no question that new professional and clerical staff will be needed for the increasing load of work with children, schools and families. Although efforts to reduce the number of children being held in juvenile facilities are constant, a stadily increasing population will make these overcrowded conditions even more intolerable.

The subcommittee urgently recommends that the following building program be approved:

1. Expansion of the Children's Shelter - $84,000

   Probation services and diagnostic counseling facilities - $1,588,000

   Note: The subcommittee unanimously agreed that placing the phrase "office building" on the ballot might not obtain a favorable vote, so suggests the name of this expansion be changed as indicated above.

2. Expansion of Juvenile Hall to provide two boys' units and one girls' unit - $637,200.

3. Expansion of the James Boys' Ranch and Ranch No. 2 - $29,000

4. Construction of Boys' Ranch No. 3 - $570,000

5. Expansion at Juvenile Hall to include one girls' unit and one boys' unit - $424,800

The subcommittee further recommends that programs to reduce the institutional care of children be continued, encouraged and expanded. The subcommittee's endorsement for juvenile facilities should not be construed as one to promote unlimited growth. The subcommittee strongly feels that better alternatives should be provided than institutional care. These alternatives would include a significant expansion in delinquency prevention and in probation counseling and guidance services, and the exploration of various types of supervised child care.

SPECIAL SCHOOLS

On November 21, 1963 the subcommittee toured Chandler-Tripp School for the Physically Handicapped and the Joseph McKinnon School for the Mentally Retarded. Following the tour, a general subcommittee meeting was held with Dr. C. R. Timpany, Superintendent of Schools, and W. Elwyn Turner, M.D., Director of Public Health, and other officials.

The subcommittee found the organization and personnel of the present schools to be outstanding. The facilities, however, are overcrowded. More distant parts of the County cannot be adequately served. Some children now have to leave home at 7:30 a.m. and return as late as 5:30 p.m. because of transportation problems. Members of the subcommittee noticed that one of the special teachers had to hold her class in the hall because of the lack of space.

The number of children requiring special schools is certain to grow with the population. These children cannot all be served in the existing schools. Furthermore, the trend is toward home care rather than State institutions for such children.

The subcommittee unanimously recommends the program set forth for the expansion of these special purpose schools at a total cost of $3,288,000.

1. North County School for the Mentally Retarded and Physically Handicapped - $1,369,000

2. Central County School for the Physically Handicapped - $1,536,000

3. South County School for the Mentally Retarded and Physically Handicapped - $383,000

Plans by the County Health and Education Departments have been made with great care and foresight to fit in with the plans and facilities of other public and voluntary agencies concerned with handicapped children. The subcommittee hopes that this kind of cooperation will continue.

Respectfully submitted,

/s/
PHIL BUSKIRK, CHAIRMAN

December 19, 1963

Mr. Wesley Hubbard
Chairman, Santa Clara County
Citizens Review Committees
Buildings and Parks Program
70 West Hedding Street
San Jose, California

Re: Sub-Committee Report on
County Airports

Dear Mr. Hubbard:

As per your request we are, herewith, submitting a report of our meetings pertaining to the County Airport development program, as by the County Executive, Mr. Howard Campen, in his brochure of June 17, 1963.

MEETINGS

Our committee met on six occasions: November 5th, 12th, and 19th in San Jose and November 26th and December 3rd at the South County Office Building in San Martin. Attending were about 30 pilots, aviation enthusiasts and civic officials.

At each of the meetings, for the benefit of regular and new members, Mr. Otis Calhoun, Assistant Director of Public Works, reviewed in detail, Airport system extending through 1975. He illustrated his remarks with colored airport maps, explaining thoroughly the property acquisition plans, runway and taxiway, hangar and tie down plans and estimated costs. Following each presentation numerous questions were asked the chairman and Mr. Calhoun, demonstrating a real depth of interest in the airport plans. Many commented on the thoroughness of the plans for Reid's and Palo Alto and were pleased with the orderly and efficient schedule of development.

At each meeting there was much discussion, many questions, many opinions, therefore, it was considered advisable to hold a final meeting with the "nucleus" committee members: Rolph Stoddard, Chairman, Glenn Miller and Winston Holt, to propose a summary of recommendations and conclusions expressed by the majority at all meetings.

This meeting was held on December 17th. Therefore, the following are the recommendations we should like to submit for consideration.

RECOMMENDATIONS AND CONCLUSIONS

1. Development Plans.
   Reid-Hillview Airport
   Palo Alto Airport

   In general, all committee members were in favor and most complimentary of the County Planning for the capital improvements scheduled thru 1970. However, since the June 17th outline showed the schedule for the period 1963-64 and 1964-70, it was felt that a more detailed schedule of improvement costs and plans was necessary, not only for Reid-Hillview, but for Palo Alto and South County as well. Upon request, Mr. Calhoun prepared this information for the periods 1963-64, 1964-65, 1965-66 and 1970. At the subsequent meeting these figures were presented and discussed. (See copies attached).

   Approval was given, unanimously, for both the Reid-Hillview and Palo Alto plans at all meetings. It was agreed that the schedule as refined would conservatively satisfy the expanding need for facilities thru the year 1970.

   (a) T-Hangar Ownership:
   Private versus County

   It was unanimously concluded, after viewing a requested detailed mathematical cost and revenue breakdown of the comparison between private ownership of T-Hangars, that it was much more of an advantage to the County to own and lease hangars than for individuals or a Company to own or lease them. We, therefore, recommend this procedure. (See attached cost and revenue comparison).

   (b) Hangar Replacement Program
   Reid-Hillview

   A question was raised relative to the construction plans for the new hangers for Reid-Hillview. Plans call for the old hangars to be removed in order to build the new runway. It was agreed, and we recommend, that plans should be made to schedule construction of the new hangars prior to removal of the old ones, so present tenants would not be inconvenienced for a lengthy period and so that hangar revenue would'nt be lost during this period

(2) Development Plans - South County Airport.

Two meetings were held at the South County office buildings, on November 26th and December 3rd. Invited, by letter, were the majority of aircraft owners in the south County, as well as a number of city officials from Morgan Hill and Gilroy. We wanted to get the reaction of the people most concerned with the County Plans for a South County Airport. Attendance was larger than expected. We outlined the plans for a one runway airport, of 5000 feet, to be in operation by 1966 (as recommended by the Friedland report) and a second runway needed by 1985, with a possible location between Morgan Hill and Gilroy.

Much discussion and many questions followed in rapid succession, with the Morgan Hill and Gilroy groups together on some points and differing on others. In general, we present the following summary of the major desires of both factions.

(a) A large airport of the type planned and the expense involved would not be desired, or as useful as would be two or more smaller airports,
(a) One to serve Morgan Hill
(b) One to serve Gilroy
for the price of one larger facility.

(b) Because of the expected population growth, as it is now moving south from San Jose, and infiltrating the Morgan Hill area, prior to Gilroy, and the resultant future overflow of aircraft from Reid-Hillview, the County purchase of existing Morgan Hill airport, would be in order as soon as possible, to prevent its being sold for other uses.

(c) This airport, now privately owned and leased to some 15 aircraft owners, now occupies about 12 acres. It is in an ideal location with respect to Morgan Hill, the County Park at Anderson Dam and the future freeway to pass by to the east.

(d) It was understood the present owner holds over 300 acres and would be willing to sell necessary land options for future expansion, and the present airport site now. Opinion was that the price now would be reasonable, but that with a long delay the price of course, would be much higher, or the airport land would not be available.

(e) Because of Gilroy's growing light and heavy manufacturing industry, it was agreed that options on airport land should be taken as soon as possible to preserve a site there. Aircraft owners living in Gilroy would move their planes from Hollister to Gilroy, providing revenue for our County.

We recommend that views expressed in the foregoing be thoroughly investigated and facts as to costs, land availability, etc.,be given to the board of supervisors for judgment if this route would be the most advantageous for the County.

At any rate, it is most important to make funds available, either thru "pay as you go" funds and/or bond funds, for south county, to make sure expected future airport needs will be satisfied.

AIRCRAFT POPULATION PROJECTIONS

We find that already the numbers of general aviation aircraft on San Jose Municipal Airport, Reid-Hillview and Palo Alto are increasing at a more rapid rate than forecast by H. H. Friedland in his analysis of 1961.

Following are new growth estimates based on current factual information as to net aircraft unit growth on our airports:

	ACTUAL COUNT AIRCRAFT DECEMBER 1963	ESTIMATED TOTALS NEXT FOUR YEARS			
		1964	1965	1966	1967
Municipal Airport	306	376	426	476	526
Reid-Hillview	275	335	400	455	515
Palo Alto Airport	195	300	350	400	450

These growth figures estimated by our airport operators, clearly demonstrate the vital need for the facilities as outlined by County planning, and development possibly more rapidly than planned.

It is very evident, because of a tremendous increase in aviation activity, that these growth patterns will exceed Friedland's predictions by 5 years.

COUNTY AIRPORTS SELF-SUPPORTING

This committee wishes to strongly emphasize their belief that under sound county management, the airport system can pay for itself thru regular revenues from hangars, the downs, gasoline, leases of restaurants, agricultural land etc., and that the tax payer will not be burdened with the costs of the airports.

We suggest a factual survey of all projected incomes to prove this point to the board of supervisors and the public at large.

In closing, we wish to express our appreciation for the opportunity to work on the County Airport Citizens Committee.

Respectfully submitted,

Ralph D. Stoddard
Chairman

SANTA CLARA COUNTY
CITIZENS REVIEW COMMITTEE
COUNTY AIRPORTS

Name	Address	City
Winston Holt	3440 Thomas Drive	Palo Alto
Donald Galbraith	1230 Mary Avenue	Sunnyvale
Claude Lievsay	2435 Vehlanueva Way	Mountain View
Glenn Miller	615 Giannini Drive	Santa Clara
Stuart Schuyler	1751 Montemar Way	San Jose
A. J. Unruh	861 Eschenburg Drive	Gilroy
Loren Griffin	723 North Monterey	Gilroy
Jay F. Piaes	Route 2, Box 710	Morgan Hill
Ed Pedizzetti	Route 2, Box 166	Morgan Hill
George White	300 North Princevalle	Gilroy
Bernard Hubing	234 North Church	Gilroy
Alvin Noll	710 5th Street	Gilroy
Henry Perry	Route 1, Box 44	San Martin
Emmett Gatewood	260 Saratoga Avenue	Los Gatos
Edward H. Duerr	411 West 10th Street	Gilroy
Ken Peterson	155 North Princevalle	Gilroy
Tom Castle	Llagos Road	Morgan Hill
Walter Hanna, Jr.	Route 1, Box 34	Gilroy
George Duffin	311 First Street	Gilroy
Harold Thompson	Route 1, Box 118	Morgan Hill
Louis Bonesio	Route 1, Box 105	Gilroy
Earl Bradford	Box 123	Coyote
Herman Reif	Route 1, Box 138	San Martin
Francis Blake	Route 1, Box 339A	Gilroy
Robert Homes	Route 2, Box 83	Gilroy
Cecil Reid	1146 Wellow	San Jose

Chairman:

Rolph D. Stoddard — 1272 Sierra Mar Drive — San Jose

County Representatives:

Otis Calhoun - Assistant Director of Public Works

Sig Sanchez - Member, Board of Supervisors
(Attended two south county meetings)

H. K. Friedland - H. K. Friedland, Associates, Escondido, California,
Airport Consultants. (Attended initial meeting).

REID-HILLVIEW AIRPORT
CAPITAL IMPROVEMENTS
11/12/63

	Project	Year Needed and Cost 1963-64	1964-65	1965-66	1970	Remarks
1.	Administration Bldg.		$220,000			
2.	T-Hangars		165,000 (50 units)	350,000 (100 units)	189,750 (50 units)	1970 prices adjusted for 15% increase in bldg. costs.
3.	Land Acquisition	$619,050	40,000			
4.	Runways, Taxiways, Roads & Site Imp.	80,000 (Eng. fees)	595,000		350,000	Including aprons and tie downs.
5.	Tie Downs			100,000		
6.	Runway Lights		40,000		50,000	
7.	Fire & Rescue Bldg.				80,000	If required by F.A.A.
8.	Fencing		36,000			
9.	Maintenance Hgr.		225,000		300,000	
	TOTAL	$689,050	$1,321,000	$450,000	$969,750	
	ANTICIPATED F.A.A. GRANTS	384,878	402,500	53,800	258,700	
	COUNTY FUNDS	$304,172	$ 918,500	$396,200	$711,050	

PALO ALTO AIRPORT
CAPITAL IMPROVEMENTS
11/12/63

	Project	Year Needed and Costs			
		1963-64	1964-65	1965-66	1966-1970
1.	Adm. Building		$115,000		
2.	Aircraft Aprons	$ 63,140 (200,000 s.f.)	100,000		$135,000
3.	T-Hangars		165,000 (50 units)	$175,000 (50 units)	200,000 (50 units)
4.	Runways & Taxiways	24,000 (Reconst.)	40,000 (Taxiways)		185,000
5.	Runway & Field Lighting	16,840			25,000
6.	Entrance & Service Roads		5,000	10,000	40,000
7.	Fencing		25,000		15,000
8.	Maintenance Hangar			300,000	350,000
9.	Relocate a portion of Embarcadero Road & Power Lines		30,000		
10.	Site Preparation incl. Const. of a portion of Levee			100,000	450,000

PALO ALTO AIRPORT (CONTINUED)

Project	Year Needed and Costs			
	1963-64	1964-65	1965-66	1966-70
11. Extension of Utilities		$ 26,000		$ 20,000
12. Automobile Parking		5,000	$ 5,000	5,000
TOTALS	$103,980	$521,000	$590,000	$1,425,000
ANTICIPATED F.A.A. SHARE	53,980	119,000	54,000	445,000
COUNTY SHARE	$ 50,000	$402,000	$536,000	$980,000

SOUTH COUNTY AIRPORT

PROPOSED CAPITAL IMPROVEMENT PROGRAM

	Project	Year Needed and Cost 1964-66	1966-70	1970-75
1.	Land Acquisition	565,000 (76 Acres)		$1.100,000 (130 Acres)
2.	Runways-Taxiways & Lighting		200,000	
3.	Adm. Building		25,000	
4.	Fencing		20,000	
5.	Roadways		5,000	$15,000
6.	T-Hangars			$225,000 (50 units)
7.	Airport Aprons		200,000	$100,000
8.	Parking Lots		10,000	$15,000
9.	Air Easements	50,000		$100,000
10.	Maintenance Hangars			$100,000
	TOTALS	$615,000	$460,000	$1,655,000

12/2/63

ANALYSIS OF T-HANGAR OWNERSHIP
(Private vs. County)

	Private	County
Capital Recovery (0.%)	$1,400	$1,400
Average Interest: $\frac{Pi}{2}$ $(\frac{n+1}{n})$	1,092	637
Possessory Interest Tax	905	
Maintenance	150	150
Electricity	350	350
Liability Insurance	1,200	
Fire Insurance	25	25
Land Rental	1,500	1,500
TOTAL COST/YEAR	$6,622	$4,062
Revenue @ $30/Mo.	$3,600	$3,600
Net Income (Loss)	(3,022)	(462)
Revenue @ $35/Mo.	4,200	4,200
Net Income (Loss)	(2,422)	138
Revenue @ $40/Mo.	4,800	4,800
Net Income (Loss)	(1,822)	738
Revenue @ $50/Mo.	6,000	6,000
Net Income (Loss)	(622)	1,938

December 12, 1963

Mr. Wesley Hubbard
Chairman, Citizens' Review Committee
County Executive Offices
70 West Hedding Street
San Jose, California

Dear Mr. Hubbard:

Our Finance Sub-Committee has concluded a series of meetings designed to critically review the Santa Clara County Building and Parks Program and financing plan for the years 1963 through 1975 and presents herewith the results of its studies.

This Committee confined its investigations to three basic questions, as follows:

1. Are the population forecasts on which the program is based reasonable?
2. Is the suggested financing program reasonable and is it the best method to finance the capital expenditures proposed?
3. Will the proposed expenditures unduly disturb the credit rating and ultimate borrowing cost of the county and its constituent municipalities?

Our method of review consisted of presentations by various county officers and others as follows:

November 12 - Review of population projections as presented by Messrs. Clark and Pollard of the Planning Department.

November 19 - Review of the financing proposal and its effect on the tax rate and credit rating of the county presented by Mr. Ed Glaeser, County Controller.

November 26 - Alternative financing methods and a review of what other counties with similar growth problems had done with what results, presented by Messrs. Glaeser and Bartholet.

December 3 - Viewpoint of Santa Clara County Taxpayer's Association, represented by Mr. Dale Scott.

Because the entire proposal is designed to provide facilities for an anticipated minimum population of 1,360,000 people in 1975, and because the proposal visualizes substantially increased assessed valuations brought about in part by increased population, this Committee was given the responsibility of inquiring into the method of preparation and reasonableness of the population forecast. . . . The consensus of this Committee is that Planning Department estimates of population growth were based on the best information available and scientific and statistically sound methods were used in their preparation. While the projections were considered reasonable, the Committee felt caution should be used in placing full reliance on the estimates for financial purposes for more than a few years in advance.

Evidence presented showed that for the past few years approximately 20,000 new jobs per year had been created to support county population growth. New jobs in 1963 through October totaled only 13,000, and while no conclusions can be drawn from this short period, it is possible employment opportunities may not be generated over the next twelve years at the rate which prevailed during the extremely rapid employment and population expansion in the late 50's. Subject to the above qualifications, the Committee believes the minimal estimated figure of 1,360,000 people in 1975 is a satisfactory guide for planning purposes.

County proposal envisions bond issues of $41,000,000 for buildings and parks and $24,000,000 for Phase II of the Expressway program during the 1964/70 period (including prior authorizations, actual sales would total $91,000,000). Bond repayment without specific property tax increase for bond redemption is predicated on increased assessed valuations -- a record of assessed valuations in the county since 1900 is attached and is an integral part of the report. On the basis of these figures, the assumed rates of increase in assessed valuation used by the county of 8% compounded annually for 1964/65, 7% compounded for 1969/70, and 6% compounded for 1971/75 appear reasonable and conservative.

Based on the above projections, $65 million (the amount proposed to go to bond) of the $88 million proposed expenditure could be financed within the county's bond debt limit of 5% of assessed valuation. Calculated on the county's 1962/63 assessed valuation of $1,538,657,360, the county's direct debt as of April 30, 1963 (the date of the last sale of Highway Bonds) was 3.87%

and its net over-all debt was 20.94% of assessed valuation, exclusive of State School Building Fund borrowings. Increasing the county's debt to 5% of its assessed valuation by 1970 would increase over-all debt ratio by only 1.1 percentage points. This increase by itself would probably not adversely affect the county's credit rating. However, if the many districts and cities in the county issue bonds at a rate which will result in a substantial increase in net over-all debt, and this seems a probability, the credit rating of the entire area could be adversely affected.

To show the trend of the area's debt, we have set forth below certain data to indicate the change in the picture during the period 1957/63:

	1957*	1963*
Assessed Valuation	$749,190,970 (56/57)	$1,538,657,360 (62/63)
County Debt	$6,350,000 (1-14-57)	$59,475,000 (4-30-63)
% of Assessed Valuation	0.85%	3.87%
Direct County Debt plus Net Overlapping Debt	$88,660,205 (1-14-57)	$322,060,884 (4-30-63)
% of Assessed Valuation	11.83%	20.94%
Per Capita	$187	$405
Borrowings by various School Districts from the State	$28,983,986	$85,835,002
Authorized but Unissued Debt by County, Cities and Districts	$32,492,000	$157,883,000

* Data from California Municipal Statistics Reports dated 1-7-57 and 4-22-63.

The Committee reviewed the following financing methods for capital improvements now being used by counties in California:

pay-as-you-go; general obligation bonds; lease-purchase either from private source or retirement systems; and lease and lease back from private sources.

Because of no interest cost, direct taxation or "pay-as-you-go" is clearly the least expensive method; however, there are practical limits to the amount of direct taxes which can be levied. Using this method, needed projects may have to be delayed pending accumulation of funds. However, increased building costs by virtue of delay may well offset interest costs.

Other than direct taxation, general obligation bonds represent the lowest cost of the methods reviewed and permit the electorate to decide on the nature of the projects to be undertaken by requiring a majority of two-thirds of votes cast for passage. Bonding permits future taxpayers to share the cost of major improvements of lasting value.

Various forms of lease-purchase require higher interest cost and are interpreted in some quarters as circumventing the electorate. A number of counties have used lease-purchase arrangements from county retirement systems. Santa Clara County does not have its own retirement system and belongs instead to the State retirement system, which has set up impossibly difficult borrowing restrictions for members other than the State itself.

Financing programs of a number of other counties were reviewed with the observation that the lease-purchase device appeared to be used most often as an emergency device to meet pressing needs for capital expenditures which could not get the two-thirds majority vote required for bonding. Attached is a comparison of important finance features of a selected group of counties -- it should be remembered in studying these figures that levels of service and state of building programs vary widely. Also attached is a statistical comparison of Santa Clara, San Diego and Orange counties, three rapidly growing counties with many similar problems. We have also attached a report of net direct and overlapping bonded debt of selected California counties. This latter report may be unfair to Santa Clara County because of the different reporting dates of the counties involved, but all the reports indicate Santa Clara County has made considerable use of the bonding facility.

Conclusion: It is the consensus of the Committee that bonding is the most practical financing method for the County for major capital improvements of lasting duration, and that the combination bonding and pay-as-you-go financing proposal submitted is reasonable and sound under our circumstances. However, this conclusion cannot be considered an unqualified endorsement of the entire program. On the contrary, because of the heavy overlapping debt already owing and the obvious need of constituent communities, school districts and other special districts for additional resort to bonding, it is the recommendation of this Committee that remaining bonding capacity be used only for those items of the highest priority of public need. Consideration should be given to relating increases in pay-as-you-go taxes to specific projects, and the bonding proposal might well be broken up into pieces for submission to voters over a period of several years based on priorities.

The Committee wishes to express its appreciation for the excellent co-operation of County officials in preparing information for study, and commends the County staff members for their excellent presentations and knowledge of the subjects involved.

Respectfully,

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Enclosures

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